MARYLAND STATEWIDE HEALTH REFORM DEMONSTRATION
FACT SHEET

Name of Section 1115 Demonstration: ***HealthChoice***
Date Initial Proposal Submitted: May 3, 1996
Date Initial Proposal Approved: October 30, 1996
Date Implemented: June 2, 1997
Date Expires: June 30, 2011

Date Renewal Submitted: November 30, 2007
Date Extension Approved: August 28, 2008
Extension Expires: June 30, 2011

Amendments
The State submitted multiple amendments during the prior extension period.

In May of 2007, an amendment was approved to allow the State to continue the practice of providing for a 6 month "crowd out" provision as well as the provision of waiving retroactive coverage for optional targeted low income children enrolled in the Medicaid expansion Maryland State Children's Insurance Program (MCHP).

In September of 2006, the following decisions were rendered regarding the State's amendment requests:

- *Approved – Technical adjustments*
  - Change the managed care organization (MCO) pharmacy brand name drug copayment that is paid by HealthChoice Demonstration eligibles from $2 per prescription to $3 per prescription to align the demonstration copayments with those existing in the Maryland Medicaid State Plan.
  - Correct the enrollment age for the Primary Adult Care (PAC) program to qualifying individuals aged 19 and over.
  - Grant appropriate authority to allow the State to continue to operate an automatic 120-day re-enrollment in an MCO program with no special election period. The State has always operated its program using this rule.

- *Disapproved*
  - Full expenditure authority to permit payment for services furnished to patients residing in institutions for mental diseases (IMDs). The current extension of the demonstration project provided for a phase down of the prior approved authority for IMD expenditures, because we no longer believe such payments promote the objectives of title XIX. Such services are expressly excluded from the definition of medical assistance at section 1905(a) of the Act, and we are

consistently requiring States to phase such expenditures out of demonstration projects.

- Expand the Maryland Pharmacy Discount Program to individuals with incomes up to 200 percent of the Federal poverty level (FPL) and change the copayment structure to approximately 75 percent beneficiary copayment and 25 percent pharmaceutical rebate. This authority would have permitted the State to seek drug rebates when the State has made no net payment under the State Plan, as required by section 1927 of the Act, in order to trigger manufacturer obligations. The proposed structure would have created an environment where only the beneficiary and the pharmaceutical company pay for the prescription, no reasonable State or Federal share would be expended. This disapproval recommendation is consistent with the United States Court of Appeals for the District of Columbia rulings regarding similar programs in Vermont and Maine.

Summary

The Centers for Medicare & Medicaid Services (CMS) has approved anextension of the State of Maryland's section 1115 demonstration entitled HealthChoice. The driving forces behind the demonstration are the rapidly rising costs of Medicaid services and the poor coordination of care in the current program for the sickest, most costly beneficiaries. The program has been developed on the basis of several guiding principles:

- Providing a patient-focused system with a medical home for all beneficiaries;
- Building on the strengths of the current Maryland health care system;
- Providing comprehensive, prevention-orientated systems of care;
- Holding Managed Care Organizations (MCOs) accountable for high quality care; and
- Achieving better value and predictability for State expenditures.

Under the HealthChoice program, a statewide health care reform program, the State enrolls demonstration eligibles into an MCO, the Rare and Expensive Case Management (REM) program, the Primary Adult Care (PAC) Program (July 2006), or Family Planning. Mental health services are provided under the demonstration in a separate fee-for-service delivery system.

Eligibility & Enrollment

Initial enrollment in HealthChoice began on June 2, 1997, and continued through November 1997. Enrollment for new members will continue throughout the demonstration. Enrollment continues to grow in the HealthChoice program.

The Maryland Children’s Health Insurance Program (MCHP) was implemented on July 1, 1999. In June 2007, the State added all optional targeted low income children to its Medicaid State plan to ensure continued availability of Federal matching funds in periods of exhausted title XXI allotment funds.

In July 2007, the State began providing a limited primary care health benefit package to uninsured adults through the Primary Adult Care (PAC) Program. This population of approximately 20,000 uninsured adults who are not eligible for Medicaid whose incomes are at or below 116 percent of the Federal poverty level (FPL) receive a limited outpatient, primary care preventative benefit package. During the current extension, the State will begin to add to the benefits available to this population incrementally.

The following Medicaid eligible categories are excluded from the demonstration and receive benefits under the traditional Medicaid program: persons age 65 and older, eligibles dually entitled to Medicare and Medicaid; short term eligibles in a spend down status; individuals who have been institutionalized for an extended period of time in nursing homes, ICF/MRs, chronic hospitals, rehabilitation hospitals, psychiatric hospitals; and individuals in the Home and Community-Based Services Waiver.

Presumptive eligibility for a pregnant woman was replaced by a procedure for streamlined eligibility, administrated at the Local Health Department, for individuals in the Pregnant Woman and Children's (PWC) Program and guaranteed eligibility for all pregnant women through two months after delivery.

Benefits

Under the demonstration, beneficiaries are entitled to receive all of the benefits that were provided under the Maryland Medical Assistance program prior to implementation with the exception of a limited number of specific types of services that are being paid directly by the State on a fee-for-services basis.

With the exception of specialty mental health services and REM services (described below) which are being reimbursed on a fee-for-service basis by the State, the MCOs are responsible for providing the full array of services under a prepaid, risk contract. In addition, MCOs are responsible for self-referral by beneficiaries for: family planning services from alternative providers; school-based clinic services; pregnancy related services; the initial medical exam for children under State custody; and annual visit to the Diagnostic and Evaluation Unit for individuals diagnosed with HIV/AIDS; renal dialysis; and OB/GYN care provided to pregnant woman already receiving prenatal care.

Individuals in the REM program receive extensive case management services in addition to all of the services provided under the demonstration. Specific diagnosis criteria is used to determine eligibility for the REM program.

Specialty mental health services are provided, and funded, through a separate system administered by the Mental Hygiene Administration (MHA) and a competitively-procured administrative service organization (ASO), initially Maryland Health Partners (MHP), that assists with administration and monitoring of the specialty mental health system in conjunction with local Core Service Agencies (CSAs) which will in-turn contract with mental health care providers.

In 2003, CMS approved an amendment to include the family planning program that previously operated outside of the HealthChoice program to continue to provide only family planning services to women who lose Medicaid eligibility after their pregnancy related period of eligibility. Additionally, the women are advised of/offered referrals for primary care services, but these services are not reimbursed under Medicaid. In the current extension the State was required to decrease the qualifying Federal poverty level for the Family Planning program from 250 percent of the FPL to 200 percent of the FPL.

Cost Sharing

The Medicaid eligible populations included in the demonstration are charged co-payments and/or premiums as authorized by sections 1916 and 1916A of the Act and defined in the Medicaid State plan.

Population	Premiums	Co-Payments
HealthChoice Demonstration Eligibles	None	Except where prohibited by Federal law: • $3.00 per prescription and refill for brand name drugs; and • $1.00 per prescription and refill for generic drugs.
PAC Program Participants	None	• $2.50 per prescription and refill for brand name drugs; and • $7.50 per prescription and refill for generic drugs.
MCHP Premium Children through age 18 with incomes between 200 up to and including 250 percent of the FPL	$46.00 per month*	None
MCHP Premium Children through age 18 with incomes between 250 percent of the FPL up to and including 300 percent of the FPL	$58.00 per month*	None

* This amount is adjusted annually in March to reflect changes to the Federal poverty level.

Delivery System

- The majority of the demonstration eligible population will be enrolled in an MCO. The term "MCO" incorporates traditional HMOs and newly formed entities that are certified for participation in the demonstration for the exclusive purpose of providing care to Medicaid recipients. These new entities may consist of community-based providers (Federally Qualified Health Centers (FQHC); Maryland Qualified Health Centers (MQHCs), etc. All types of organizations must meet the same standards relating to quality, access, and data in order to qualify as an MCO.

- The State contracts with any organization that can comply with the terms of the regulations and standards (which include the quality, access, and data standards) and agrees to accept the established capitation rates. Further, in order to preserve the safety-net system that exists within the current program, the State will assure that each historic provider (essentially any provider who has served the Medicaid population prior to implementation of the demonstration), who meets the standards established in the regulations, is offered a contract with at least one MCO.
- The REM component of the demonstration consists of a network of specialized providers who are reimbursed on a fee-for-service basis.
- Specialty mental health services will be provided, and funded, through a separatesystem administered by the Mental Hygiene Administration (MHA).

Quality Assurance

The State has instituted an extensive quality assurance program that consists of such components as access and quality standards; utilization and outcome measures with an emphasis on special needs populations; encounter data reporting requirements; beneficiary and provider satisfaction surveys; and a grievance and appeals process. The program follows the Health Care Quality Improvement System (HCQIS) guidelines and utilizes Medicaid HEDIS outcome measures. Further, the State will monitor compliance to the requirements and publish a report card on each MCO's performance for beneficiaries to use when selecting plans.

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